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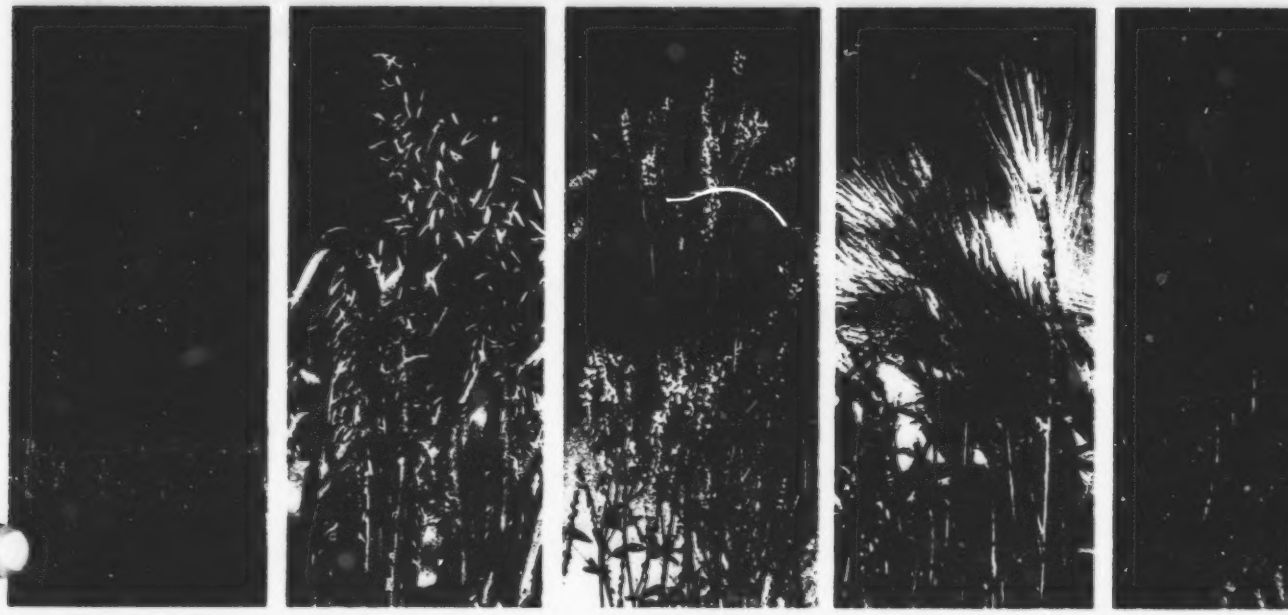
2nd Session, 21st Legislature

CANADA-ALBERTA Crop Insurance



ALBERTA Hail Insurance

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19th Annual Report YEAR ENDED MARCH 31, 1987

ALBERTA HAIL AND CROP INSURANCE CORPORATION

BOARD OF DIRECTORS
PETER TRYNCHY, M.L.A. Chairman
JAMES P. CHRISTIE, Vice-Chairman
ROBIN WALLACE
JAMES DAINES
ALBERT KOOY
JOHN LANGELIER
FRANK SCHWENGLER
E.A. PATCHING, General Manager
J.M. McKAY, Executive Secretary to Board of Directors

CANADA · ALBERTA Crop Insurance

5718 56th AVENUE, BAG SERVICE NO. 16, LACOMBE, ALBERTA T0C 1S0 TELEPHONE 782-4661

September 30, 1987

The Honourable Shirley Cripps
Associate Minister of Agriculture
Room 319 Legislature Building
EDMONTON, Alberta
T5K 2B6

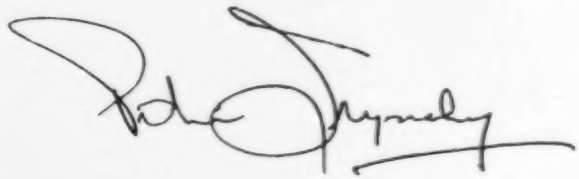
Madame:

I have the honour of submitting herewith the Nineteenth Annual Report of the Alberta Hail and Crop Insurance Corporation.

This report is submitted in accordance with Section 9 of the "Hail and Crop Insurance Act" being Chapter H-1 R.S.A. 1980 and contains a summary of operations and the audited financial statements for the fiscal year ending March 31, 1987.

I trust this report will be of interest to you.

Respectfully submitted,



Peter Trynchy
Chairman, Board of Directors

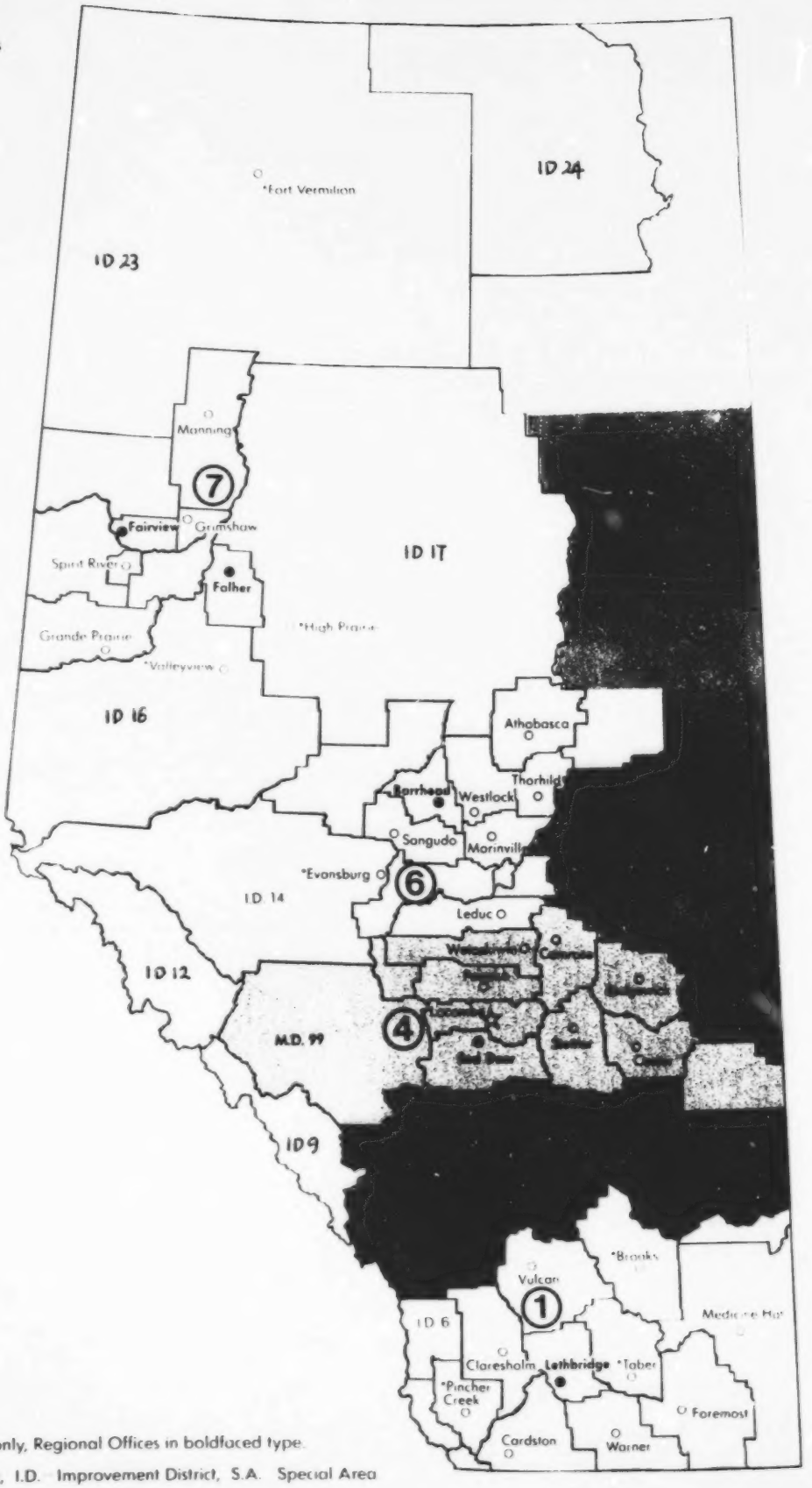
ALBERTA HAIL AND CROP
INSURANCE CORPORATION

ALBERTA HAIL AND CROP INSURANCE CORPORATION

Supervisory Regions Showing Locations

Regional Office ●
District Office ○
Head Office ☆

①	M.D. 6	Cardston
	M.D. 9	Pincher Creek
	C. 26	**Lethbridge**
	C. 5	Warner
	C. 8	Foremost
	M.D. 1	Medicine Hat
	M.D. 14	Taber
	M.D. 26	Claresholm
	C. 2	Vulcan
	C. 4	Brooks
②	M.D. 31	High River
	C. 16	Strathmore
	M.D. 44	Calgary
	C. 17	**Didsbury**
	M.D. 48	Three Hills
	S.A. 3	Oyen
	S.A. 2	Hanna
	M.D. 47	Morrin
④	C. 6	Stettler
	C. 18	Castor
	C. 29	Sedgewick
	C. 23	**Red Deer**
	C. 14	Lacombe
	C. 3	Ponoka
	C. 10	Wetaskiwin
	C. 22	Camrose
⑤	C. 9	Ryley
	C. 27	**Vegreville**
	C. 24	Kitscoty
	C. 19	*St. Paul
	M.D. 52	Provost
	M.D. 61	Wainwright
	M.D. 87	*Bonnyville
	C. 13	*Smoky Lake
	C. 21	Two Hills
	C. 30	Lamont
⑥	C. 25	Leduc
	C. 7	Thorhild
	M.D. 90	Morinville
	M.D. 92	Westlock
	C. 11	**Barrhead**
	C. 28	Sangudo
	I.D. 14	*Evansburg
	C. 12	Athabasca
⑦	M.D. 130	**Falher**
	M.D. 135	Grimshaw
	M.D. 136	**Fairview**
	I.D. 22	Manning
	M.D. 133	Spirit River
	C. 1	Grande Prairie
	I.D. 17	*High Prairie
	I.D. 16	*Valleyview
	I.D. 23	*Fort Vermilion



*These offices were open half-days only, Regional Offices in boldfaced type.

C. County, M.D. Municipal District, I.D. Improvement District, S.A. Special Area

Alberta Hail and Crop Insurance Corporation

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Directors' Report

Fiscal Year Ending March 31, 1987

The Alberta Hail and Crop Insurance Corporation is a crown corporation of the Province of Alberta which was established under the authority of the Hail and Crop Insurance Act (1969) being Chapter H-1 R.S.A. 1980. This Act which became effective on April 1st, 1969 provided for the merger of the Alberta Hail Insurance Board and the Alberta Crop Insurance Corporation. Since the merger the Corporation has administered two separate insurance programs: Hail Insurance and "All-Risk" Crop Insurance.

The Alberta hail and the Canada-Alberta crop insurance programs, although administered by one staff, have been operated quite separately. The need for this separation is apparent from the fact that the Hail Insurance program is self-sustaining and receives no government subsidies, whereas all administrative costs of the Crop Insurance program are paid by the Government of Alberta and, in addition, the Government of Canada pays one-half of the overall premium costs.

While administration and adjusting for both programs are carried out by the same employees, resulting in considerable operating efficiencies, a separate accounting of all expenses is kept for each plan. Wherever possible, expenses are allocated directly to each program. Unallocated costs are apportioned on the basis of the number of contracts in force in a given year. For the 1986-87 fiscal year, unallocated costs were shared on the basis of 21% to hail insurance and 79% to crop insurance.

Activities of the Board of Directors

The 1986-87 fiscal year proved to be a busy one for the Directors in conducting the affairs of the Corporation. In addition to their twelve regular monthly meetings, which in most cases proved to be lengthier than normal, they met with the personnel of the Crop Insurance Review Panel on four different occasions. The Board was also represented at all of the formal hearings and a number of the informal hearings of the Crop Insurance Review Panel throughout the province. Following the release of the report of the Review Panel, the Board was requested to provide the Associate Minister of Agriculture with its views on the recommendations contained in the report. The Directors complied with this request both in writing and at a subsequent oral discussion.

In addition to the regular and special meetings, the Board was fully represented at the Western Regional Crop Insurance Conference in Vancouver on June 24 and 25. The Western Regional Meeting, which is held annually, is convened to provide the crop insurance authorities of the western region an opportunity to discuss problems common to the region.

What appeared, in the early part of the season, to be a promising crop insurance year turned out very different than expected. Because of unfavorable weather conditions during the growing and harvest seasons, several thousand farmers experienced severe crop losses during the year.

The combination of the problems created by the heavy crop losses and the extra work associated with the crop insurance review presented both the Directors and the staff with an abnormal heavy workload during the year.

Once again, the Directors extend their appreciation to the management and staff of the Corporation for a job well done under quite difficult circumstances.

Recommendations of the Crop Insurance Review Panel

A panel comprised of active farmers and members of the Alberta Legislature, under the chairmanship of Mr. Dallas Schmidt, conducted a major review of the Canada-Alberta crop insurance programs during 1986. The report of this panel was submitted to the Honourable Shirley Cripps, Associate Minister of Agriculture, in late 1986 and was released to the general public in early 1987.

The Directors of the Corporation were pleased to note from the report that a survey of 2,405 farmers carried out by Angus Reid and Associates Inc. for the review panel indicated the following:
(1) The purchase of crop insurance was the prime method of protection of these farmers against severe crop losses.
(2) 92% of those farmers interviewed indicated that the Alberta Hail and Crop Insurance Corporation provided them with satisfactory to very satisfactory service.

The final report of the Crop Insurance Review Panel provided the Provincial Government with the following three major recommendations.
(1) A Prairie Grain Revenue Insurance Program be developed so as to address the producer's concerns relative to income uncertainty and instability.
(2) A Disaster Insurance Program be put into place to provide protection to producers against widespread disasters and to obviate the need for ad-hoc assistance programs.
(3) All producers with crop insurance be required to insure their crops on an individual coverage basis so as to more accurately reflect an individual producer's productivity.

It should be noted that implementation of the major recommendations of the panel are contingent upon the approval of the Government of Canada and upon tripartite funding, where the cost of these programs is divided equally between the Government of Canada, the Government of Alberta and the producer. At the time of the preparation of this report, there was no indication as to whether or not the necessary approval would be forthcoming.

In addition to the foregoing major recommendations, a number of recommendations were made relative to the Corporation's policies and administrative procedures. Where sufficient time was available and the necessary approval had been received a number of these recommendations were implemented in 1987, and an additional number were approved for implementation in 1988.

The Directors and the Management of the Corporation are satisfied that the Crop Insurance Review Panel carried out its responsibilities in a fair and reasonable manner, and is to be complimented for providing the Government of Alberta with recommendations that, if implemented, will enhance the crop insurance image across the province.

Regional and District Offices

In the 1986-87 fiscal year, the Corporation continued to operate service offices at fifty-three (53) centres in Alberta. Seven of these district offices were also designated as Regional Offices from which the affairs of the Corporation for the region were administered. These offices are listed on page 2 of this report.

Alberta Hail Insurance Program

The Hail Insurance Program offers farmers protection against crop loss caused by the single hazard of hail on all crops grown in Alberta. Most crops can be insured to the maximum of $125.00 per acre. This coverage is available to all farmers in Alberta and may be purchased singly or in addition to the coverage available under other crop insurance programs.

The 1986 Hail Insurance Season

Hail Insurance sales in 1986 amounted to $261,874,001 of actual risk written with $16,775,903 of premium income being generated, which was an increase from 1985 of $250,709,949 of risk and $15,934,563 of premium. This increase was undoubtedly due to the favorable crop conditions which prevailed over most of the province during the insurance writing period.

In establishing premiums for the coming year, rates were increased in 180 townships and decreased in 313 townships. The combined impact of these changes when applied to the 1985 business written was an overall net decrease in premium charged under the hail insurance program and the hail endorsement to the crop insurance program of $61,955 or a net percentage decrease of .09%.

Hail losses under the hail insurance program alone in 1986 totalled $9,088,859 or 54.18% of the year's premium income, which is considerably less than the 49-year average of 71.80%. Hail was recorded on 46 days as compared to the 49-year average of 51 days. The adjusting staff inspected 1,527 claims under this program in 1986, as compared to 1,137 in 1985.

Premium Refund

Because of a favorable loss-to-premium experience in 1986, the Corporation was able to refund 25% of the hail insurance premium to those non-claimant policyholders and 10% of premium to those policyholders with claims, whose accounts were paid in full by March 31, 1987. These refunds amounted in total to $3,608,921 to those policyholders who had purchased hail insurance from the Corporation in 1986.

Reserves

The total reserves for hail insurance were increased by $4,128,507 during the 1986-87 fiscal year to a revised total of $21,646,205.

Reinsurance Treaty

A new and improved reinsurance treaty which was negotiated with Universal Reinsurance Intermediaries Ltd. in the 1983-84 fiscal year, and which is presently being carried by Sterling Universal Reinsurance Ltd., was renewed to cover the 1986 season. Since the treaty calls for reinsurance to cover losses beyond 100% of the "Gross Net Premium" no payment was received in 1986 as the total loss did not exceed this level. The cost of this reinsurance in 1986 amounted in total to $401,517, as compared to a cost of $385,392 in 1985.

Chronological Summary of the Major Hail Storms in Alberta in 1986

June 17 –Red Deer to Chauvin
June 24 –Taber to Nemiscam
June 25 –Wetaskiwin to Ryley, Bashaw to Sedgewick, Provost, Wainwright and Kitscoty
July 3 –Smoky Lake to Elk Point, Two Hills to Mannville, Rimbey to Elnora, Sedgewick to Irma
July 7 –Lamont to Vegreville, Bawlf
July 8 –Morinville
July 22 –Thorhild to Willingdon
Aug. 14 –Rimbey to Stettler

Canada-Alberta Crop Insurance Program

The Crop Insurance program is a plan which offers farmers a guarantee that regardless of the weather, they will receive a minimum return from their insured crops. It is intended to take much of the risk out of farming and to enable the farmer to plan ahead confident that his income in any year will not drop below a certain level. In most cases, the guarantee to an insured is closely related to his costs of production.

The Crop Insurance program provides protection against crop loss caused by all of the natural hazards. An insured farmer is guaranteed a specified number of bushels of a specified grade for each insured crop on the farm unit. If production falls below the insurance coverage, the insured is paid the difference at a pre-selected dollar value per bushel.

The Crop Insurance program also provides protection against hail on a spot-loss basis through an endorsement to the basic policy. Through this endorsement, the insured may receive payment for a loss on any part of each insured crop.

The Government of Canada provides financial assistance to the Canada-Alberta Crop Insurance Program by contributing 50 percent of the total premium required each year. The federal government's contribution to this program totalled $72.30 million for 1986. The Government of Alberta contributes all of the administrative costs, plus a premium subsidy in high-risk areas, which together totalled $12.50 million in 1986.

1986 Crop Conditions

Expectations by farmers for a better than average crop in 1986 were quite high in the early months of the year. Good moisture conditions prevailed over much of the province and farmers were able to get on the land in good time. Farmers with snowed-under crops from 1985 were able to resume harvest in relatively good time and the harvesting of these crops was completed with little interruption.

Seeding was carried out in 1986 under favorable conditions and most crops were in the ground by early May. Moisture conditions were favorable but in June both cutworm and grasshopper damage was reported from many areas in southern Alberta. While the remainder of Alberta had generous spring rains, the Peace River district received very little moisture and the crops began to suffer. However, by the end of June rainfall was adequate over the province and record yields were anticipated in most areas.

When warm, dry harvest weather might be expected, untimely rains and severe early frost was experienced over a large portion of the province which resulted in a serious reduction in grades. Fortunately, crop damage from hail was below normal in 1986.

Very little harvesting was done during September because of the wet conditions, but most farmers in the province were able to complete their harvesting during the month of October.

The untimely precipitation and early frost had a severe impact on grades in 1986. Only 23% of the hard red spring wheat reached the top two grades, with 39% being graded as feed. Barley grades were better than the spring wheat, as approximately 95% graded #2 C.W. or better. The oilseed crops did not grade as well as in 1985, but approached the long-term average grade with yields being much improved over 1985.

The Alberta Wheat Pool estimated 1986 per acre yields as follows: Spring Wheat - 942 kgs (34.6 bus.), Soft White Spring Wheat - 1,917 kgs (70.4 bus.), Winter Wheat - 1,043 kgs (38.3 bus.), Durum Wheat - 854 kgs (31.4 bus.), Oats - 1,137 kgs (73.7 bus.), Barley - 1,251 kgs (57.5 bus.), Fall Rye - 935 kgs (36.8 bus.), and Canola - 561 kgs (24.7 bus.).

Drought Assistance Programs

The Multi-year Disaster Benefit

The Multi-year Disaster Benefit was incorporated into the crop insurance program in 1986 to provide additional protection where widespread areas experienced major crop losses in two or more successive years. Because of the heavy losses from drought and other perils in 1984 and 1985, farmers in the southern half of the province and the Peace River area were eligible for this extra coverage in 1986.

The additional coverage under this benefit amounts to 10% of the area average yield. For example, farmers in eligible areas who elected the 60% level of coverage actually received coverage at the 70% level, while those electing the 70% level received the 80% level. To be eligible for this additional coverage, areas of a county or larger must have experienced a loss of at least 20% of the total risk in two consecutvie years. This benefit added approximately $16,000,000 in crop insurance payments on the 1986 crop.

Coverage Restoration Program

The Coverage Restoration Program guaranteed the policyholder that his crop insurance coverage in 1985 and 1986 would not be reduced below the 1984 level because of his poor experience in 1984 and 1985. This was a program of Alberta Agriculture, and while not part of the Crop Insurance program was closely tied to it.

Because of the severe drought conditions in 1984 and 1985, most farmers in the stricken areas had claims and as a result payments under this program in 1985 and 1986 totalled $46,034,000. At the close of the 1986-87 fiscal year, no announcement had been made as to whether the Coverage Restoration program will be reinstated for 1987.

The 1986 Crop Insurance Season

Participation in the Crop Insurance program in 1986 showed a 6.7% increase from 1985 in terms of the number of contracts in effect, and a 5.6% increase in terms of the eligible acreage insured. The total liability assumed by the crop insurance program in 1986 at $825,199,846 approached the 1985 record level of $863,035,000. Indemnity payments of

$82,776,600 were made on 11,209 claims under the basic program in 1986. When related to the total premium income for the year of $85,788,490, a loss-to-premium experience of 94.6% was indicated under the basic program.

The total losses paid in 1986 under the basic program and its endorsements were as follows:

	Number of Claims	Losses
Basic Crop Insurance Program	9,876	$ 82,776,600
Hail Endorsement	3,663	21,839,159
Unseeded Acreage Endorsement	37	104,303
Reseeding Benefit	1,106	1,466,986
Winterkill Benefit	121	279,768
Livestock Feed Security Program	2,642	21,818,699
Honey Insurance Program	36	629,616
Alfalfa Insurance Program	33	60,134
	17,514	$128,975,265

Changes in the Crop Insurance Program

Changes in the Crop Insurance program for 1986 may be summarized as follows:

(1) Price Options

Price options per kilogram in 1986 were as follows:

	Non-pedigreed		Pedigreed	
Grain Crops	**Option #1**	**Option #2**	**Option #1**	**Option #2**
	(Dollars per kilogram)			
Spring Wheat	.120	.150	.140	.180
Durum Wheat	.120	.150	.140	.180
Utility Wheat	.110	.140	.130	.170
Winter Wheat	.110	.140	.130	.170
Soft Spring Wheat	.110	.140	.130	.170
Oats	.080	.095	.090	.115
Barley	.090	.105	.100	.125
Mixed Grain	.080	.100	–	–
Rye (Spring and Fall)	.070	.110	.080	.130
Canola (Rapeseed)	.200	.280	.260	.360
Mustard	.170	.250	.220	.330
Flax	.200	.280	.260	.360

Special Crops	**Option #1**	**Option #2**
Grain Corn	$.123/kg	$.158/kg
Seed Peas	$.200/kg	$.240/kg
Dry Beans	$.370/kg	$.490/kg
Potatoes	$88/tonne	$110/tonne
Pedigreed Seed Alfalfa	$1.87/kg	$2.76/kg
Pedigreed Seed Fescue	$.079/kg	$.121/kg

Vegetable Crops for Processing	**Option #1**	**Option #2**	**Option #3**
	(Coverage in Dollars Per Acre)		
Peas	$310.95	$333.15	$355.40
Beans	$306.55	$328.40	$350.30
Corn	$232.75	$249.40	$266.00
Carrots	$354.65	$384.20	$413.75

Fresh Vegetable Crops	**Only One Option**
	(Coverage in Dollars per Tonne)
Sweet Corn	$179.40
Cabbage	$196.15
Rutabagas	$ 93.90
Carrots	$106.75
Onions	$133.30

Sugar Beets	**Option #1**	**Option #2**
	(Coverage in Dollars Per Tonne)	
	$23.00	$35.00

(2) New Crops Added

Coverage was extended to the following vegetable crops which are grown for the fresh vegetable market in 1986: sweet corn, cabbage, rutabagas, carrots and onions, at the coverage levels listed.

(3) Extension of Hail Endorsement Expiry Date

Because of severe hail damage inflicted on insured crops late in the month of October in previous years, the expiry date for claims under the hail insurance endorsement was extended in 1986 from October 15 to October 31.

(4) Chemical-Summerfallow Procedure Approved

The use of chemicals or the combination of chemicals and cultivating was accepted in 1986 as an approved practice, and therefore crop grown on land so treated qualifies for summerfallow coverage under the Crop Insurance program. This change in policy was made because Alberta Agriculture had approved Chemical-Summerfallow as an acceptable practice.

(5) Change in Election of Coverage Procedure

The Election of Coverage form upon which a contractholder elects, each year, the crops which he wishes to insure and the level of coverage desired, was revised in 1986. This revision provides for the addition of a block to the Election of Coverage form, in which the contractholder may advise that he wishes to insure all the crops that he seeds that are eligible for insurance. As previously, he may elect individual crops if he so wishes, but in this situation only the crops elected by the cut-off date can be insured. It is felt that this change in the election form will eliminate many situations where a policyholder who wishes to insure crops which he has not elected finds that he is unable to do so.

Livestock Feed Security Program

The Hay and Pasture Insurance program was terminated at the end of 1985 and was replaced in 1986 by the Livestock Feed Security program. This program was designed to provide protection to the livestock producers who feed hay as well as the hay producers who sell hay. It has the flexibility to enable the producer to insure either his hay crop or to select the amount of coverage per animal unit that will cover the forage requirements for his herd of livestock. Under this program in 1986 farmers were able to insure their livestock feed supplies up to $250.00 per head or $110.00 per acre depending on the location of their operation.

As was the case with the Hay and Pasture program, production is calculated using rainfall data submitted by policyholders and rainfall, temperature and sunshine records from official weather stations. This is done on a daily basis by taking into account the soil moisture and the heat units available for growth. Total production during the growth period is expressed as a percentage of the long-term normal production and then averaged by quarter-townships. The program was expanded in 1986 to cover all that portion of the province south of and including the Counties of Wetaskiwin, Camrose, Beaver, Minburn and Vermilion River.

The research project which was begun under the Hay and Pasture program in 1983 was continued through 1986. The project is intended to measure the impact of weather upon forage growth, particularly when it is under stress from high temperature and strong winds. It is also intended that this project will measure this impact upon the various kinds of forage crops. The project is being conducted at the Alberta Horticultural Station at Brooks, with some test plots being located at Lacombe.

The bale weighing program, which was instituted by the Corporation in 1985, was expanded in 1986. This program is designed to more closely monitor the results of the computer model and to provide more accurate information as to the long-term average forage yields of the areas being provided with this coverage.

The Summary of Experience for the Livestock Feed Security program for 1986 and for the previous Hay and Pasture program of 1984 and 1985 is as follows:

	1986	1985	1984
Policyholders	4,842	1,135	1.107
Acres or Animal Units Insured	685,915	221,223	196,752
Actual Liability	$98,948,090	$13,410,060	$11,040,575
Total Premiums	$15,783,373	$ 1,768,569	$ 1,523,535
Number of Claims	2,642	1,135	965
Total Awards Paid	$21,818,699	$ 7,444,301	$ 3,862,309
Loss/Premium Ratio	138.19%	420.92%	253.51%
Loss/Risk Ratio	22.04%	55.51%	34.98%

Alfalfa Insurance Program

A program to provide coverage for alfalfa grown for pelleting was continued in 1986. This program is based in the Falher area where in 1986 31,620 acres were under contract to two pelleting plants. Coverage of $35.70 or $44.03 per acre, for a premium of $6.50 or $8.00 per acre respectively, was available to the producer in 1986.

A Summary of Experience for 1986 is as follows:

Policyholders	150
Actual Risk	$1,742,725
Acres Insured	31,620
Net Premium	$ 424,668
Total Claims Paid	$ 60,134
Loss/Premium Ratio	14.16%
Loss/Risk Ratio	3.45%

Special Assistance to High-Risk Areas

The Province of Alberta continued in 1986 to pay all of the farmer's crop insurance premium which is in excess of a 6% premium rate for crops insured at the 60% level of coverage and 8% for crops insured at the 70% level of coverage. This subsidy is reflected in lower premium rates to farmers in those areas where the need for protection is the greatest. In 1986 insurance premiums were subsidized under the agreement to a total of $5,428,007. The total amount of provincial subsidy paid to date under this program is $27,510,708.

Hail Insurance Endorsement

Spot-loss hail insurance was again offered in 1986 as an endorsement to the crop insurance contract. This coverage was available to contractholders who had elected the endorsement prior to May 1st on those crops listed on the Report of Seeded Crops.

The 1986 hail endorsement was elected by 22,833 contractholders for a total liability of $724,036,919. A total premium of $45,083,373 was generated and indemnities of $21,839,159 were paid to 3,663 claimants. The loss to premium experience under this endorsement of 48.46% for 1986 was somewhat lower than the long-term experience of 74.10%. The experience under this program for 1986 and for previous years is detailed under Appendix B of this report.

Honey Insurance Program

A program to provide insurance coverage for honey production was initiated by the Corporation in 1982 and has continued through 1986. Coverage based on either 70% or 80% of the five-year average yield for the district concerned or the producer's own individual production records was offered in 1986 at an insured value of 55¢ per pound of production. Premiums for this insurance in 1986 ranged from 3.75% to 8.6% at the 70% level of coverage, and from 5% to 11.5% at the 80% level.

Prior to 1985 the Government of Canada did not participate in this program, and the Province of Alberta contributed an amount equal to the farmers' premiums and paid all of the administrative costs. However, with the entry of the federal government into the program, the province has been responsible only for the administrative costs.

A Summary of Experience for the Honey Insurance program in 1986 is as follows:

Policyholders	109
Number of Hives Insured	110,596
Actual Risk	$4,179,721
Net Premium	$ 617,761
Number of Claims Paid	36
Total Indemnities	$ 629,616
Loss/Premium Experience	101.92%
Loss/Risk Experience	14.78%

Financial Statements

March 31, 1987

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ALBERTA LEGISLATURE

OFFICE OF THE AUDITOR GENERAL

AUDITOR'S REPORT

To the Board of Directors of the
Alberta Hail and Crop Insurance Corporation

I have examined the balance sheet of the Alberta Hail and Crop Insurance Corporation as at March 31, 1987 and the statements of revenue, expenditure and reserve - crop insurance and revenue, expenditure and reserve - hail insurance for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1987 and the results of its operations for the year then ended in accordance with the disclosed basis of accounting, considered appropriate in the circumstances, as described in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Donald D. Salmon
C.A.
Auditor General

Edmonton, Alberta
July 10, 1987

BALANCE SHEET
As at March 31, 1987

	1987	1986
ASSETS		
General		
Current:		
Cash	**$ 1,664,960**	$ 849,342
Short-term investments (Note 4)	**20,161,054**	28,866,060
Accounts receivable	**3,429,087**	1,658,217
Accrued interest receivable	**651,886**	723,632
Due from Reinsurance Fund of Canada for Alberta	**–**	117,488,801
Due from Reinsurance Fund of Alberta	**18,285,729**	37,417,191
Due from trust funds	**1,357,724**	181,002
	45,550,440	187,184,245
Long-term investments (Note 4)	**6,315,283**	6,517,123
Fixed assets	**703,888**	519,874
	52,569,611	194,221,242
Trust, Schedule 3	**11,797,184**	10,450,412
	$64,366,795	$204,671,654

The accompanying notes are part of these financial statements

	1987	1986
LIABILITIES		
General		
Current:		
Accounts payable	**$ 154,557**	$ 144,882
Salaries and commissions payable	**412,435**	441,918
Estimated indemnities payable	**4,885,000**	9,834,200
Premium refunds payable	**3,610,196**	3,609,336
Due to the Province of Alberta	**21,157,330**	162,153,334
	30,219,518	176,183,670
Capital surplus	**703,888**	519,874
Hail Insurance Reserve	**21,646,205**	17,517,698
	52,569,611	194,221,242
Trust, Schedule 3	**11,797,184**	10,450,412
	$64,366,795	$204,671,654

STATEMENT OF REVENUE, EXPENDITURE AND RESERVE - CROP INSURANCE
For the Year Ended March 31, 1987

	1987	1986
REVENUE		
Premiums charged to insured persons	$ 69,538,550	$ 56,441,190
Province of Alberta premium contributions (Note 6)	5,428,007	4,390,103
	74,966,557	60,831,293
Government of Canada contributions (Note 3 (i))	72,298,657	59,802,601
	147,265,214	120,633,894
Less amounts ceded (Note 3(ii)):		
Crop Reinsurance Fund of Canada for Alberta	21,689,597	17,940,780
Crop Reinsurance Fund of Alberta	21,689,597	17,940,780
	43,379,194	35,881,560
	103,886,020	84,752,334
Investment income	2,587,039	3,112,952
	106,473,059	87,865,286
EXPENDITURE		
Indemnities	126,831,194	266,764,778
Administration expenses, Schedule 1	7,077,353	7,028,147
	133,908,547	273,792,925
Deficit for the year before recoveries	27,435,488	185,927,639
Less amounts recovered:		
Recoveries from reinsurance funds (Note 3(iii))	20,358,135	178,899,492
Administration expenses recovered from the Province of Alberta (Note 7)	7,077,353	7,028,147
	27,435,488	185,927,639
Unrecovered deficit for the year	–	–
Reserve at beginning of year	–	–
Reserve at end of year	$ –	$ –

STATEMENT OF REVENUE, EXPENDITURE AND RESERVE - HAIL INSURANCE
For the Year Ended March 31, 1987

	1987	1986
REVENUE		
Premiums charged	**$17,196,196**	$16,516,253
Deduct:		
Reinsurance costs	**401,517**	385,392
Cash discounts allowed	**380,328**	357,999
Premium refunds	**3,608,921**	3,610,200
	4,390,766	4,353,591
Premiums, net	**12,805,430**	12,162,662
Investment income	**2,032,897**	1,887,268
	14,838,327	14,049,930
EXPENDITURE		
Indemnities	**8,606,569**	7,355,696
Administration expenses, Schedule 2	**2,103,251**	2,006,045
	10,709,820	9,361,741
Surplus for the year	**4,128,507**	4,688,189
Reserve at beginning of year	**17,517,698**	12,829,509
Reserve at end of year	**$21,646,205**	$17,517,698

NOTES TO THE FINANCIAL STATEMENTS

March 31, 1987

Note 1 Authority

The Alberta Hail and Crop Insurance Corporation operates under the authority of the Hail and Crop Insurance Act, Chapter H-1, Revised Statutes of Alberta 1980, as amended.

Section 35(5) of the Act permits the Province of Alberta to make advances to the Corporation equal to an amount which will be paid by the Government of Canada to the Province in accordance with the crop insurance program agreement (see Note 3) and to a total amount not exceeding $30,000,000.

During the prior year advances from the Province amounting to approximately $117 million were made to the Corporation to finance the excess of crop indemnities over crop insurance reserves (see Note 3(iii)) pending reimbursement from the Reinsurance Fund of Canada for Alberta, which was made during the year ended March 31, 1987.

It would appear that the amount by which the advances referred to in the preceding paragraph caused the $30,000,000 limit to be exceeded represents advances which may be in contravention of the legislative authority.

Also, during the prior year, advances from the Province amounting to approximately $45 million were made to the Corporation to finance indemnities not recoverable from the Crop Reinsurance Fund of Canada for Alberta. These additional advances may have been made without legislative authority. The advances were partially repaid during the year ended March 31, 1987.

Note 2 Significant Accounting Policies and Reporting Practices

(i) These financial statements have been prepared in accordance with generally accepted accounting principles except that no depreciation has been provided on fixed assets as purchases are charged to operations in the year of acquisition. Fixed assets are shown on the balance sheet at cost with a corresponding credit shown as capital surplus.

(ii) Other significant accounting policies are as follows:

(a) **Crop Insurance Fund**

Contributions by the Government of Canada matching crop insurance premiums collected are included as income of the year the premiums are received. Amounts ceded to or recovered from the Crop Reinsurance Fund of Canada for Alberta and the Crop Reinsurance Fund of Alberta are included as a deduction from revenue or expenditure of the year the requirement to cede or the entitlement to recover arose.

(b) **Trust Funds**

The Corporation is responsible for the administration of various agriculture-related programs of the Province of Alberta or of the Province of Alberta and the Government of Canada in addition to the Hail Insurance program and the Crop insurance program. These are regarded as incidental to the main business of the Corporation, are grouped under the heading 'Trust Funds', and are summarized on Schedules 3 and 4.

(c) **Changes in Financial Position**

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Crop Insurance Program

An agreement between the Province of Alberta and the Government of Canada entered into pursuant to section 43 of the Hail and Crop Insurance Act provides:

(i) for contributions to be made by the Government of Canada matching the crop insurance premiums collected from insured persons,

(ii) that payments will be made to the Crop Reinsurance Fund of Alberta and the Crop Reinsurance Fund of Canada for Alberta based on crop insurance premiums collected plus the matching amounts received or receivable from the Government of Canada,

(iii) that crop indemnities in excess of crop insurance reserves will be drawn from the Crop Reinsurance Fund of Alberta and the Crop Reinsurance Fund of Canada for Alberta, in accordance with a formula set out in the agreement for dividing any such excess between the Province of Alberta and the Government of Canada.

Note 4 Investments

Investments are recorded at amortized cost and are summarized as follows:

	1987		1986	
	Short-term	Long-term	Short-term	Long-term
Bonds and debentures:				
Government of Canada direct and guaranteed	$ –	$1,342,356	$ –	$1,317,000
Provincial direct and guaranteed	173,889	3,446,347	209,980	3,638,589
Corporate	–	1,126,580	–	1,178,534
Guaranteed investment certificates and term deposits	19,987,165	400,000	28,656,080	383,000
	$20,161,054	$6,315,283	$28,866,060	$6,517,123
Approximate market value at March 31	$20,185,000	$6,629,920	$28,901,104	$6,649,409

Note 5 Reinsurance Funds

The balances in these funds, as at March 31, are as follows:

	Reinsurance Fund of Alberta		Reinsurance Fund of Canada for Alberta	
	1987	1986	1987	1986
Opening surplus (deficit)	$(19,617,191)	$ 23,852,720	$(45,830,050)	$ 53,717,971
Current year contributions	21,689,597	17,940,780	21,689,597	17,940,780
	2,072,406	41,793,500	(24,140,453)	71,658,751
Recoveries by the Corporation	20,358,135	61,410,691	–	117,488,801
Closing surplus (deficit)	$(18,285,729)	$(19,617,191)	$(24,140,453)	$(45,830,050)

Note 6 Province of Alberta Premium Contributions

In accordance with Crop Insurance Regulations proclaimed pursuant to the Hail and Crop Insurance Act, the Province of Alberta pays the insured person's portion of premium costs in excess of a stipulated percentage of the dollar coverage on grain and oilseed crops.

Note 7 Administration Expenses

Pursuant to section 35(3) of the Hail and Crop Insurance Act, all administration expenses relating to the crop insurance program have been paid by the Province of Alberta. Certain of these costs were common to the crop insurance and hail insurance programs and have been allocated to each on the basis of the number of insurance contracts processed in the year. Certain office accommodations have been provided by the Province of Alberta at no charge.

Note 8 Comparative Figures

The 1986 figures have been reclassified where necessary to conform to 1987 presentation.

Note 9 Approval of Financial Statements

These financial statements have been approved by management.

Schedule 1

SCHEDULE OF ADMINISTRATION EXPENSES - CROP INSURANCE

For the Year Ended March 31, 1987

	1987	1986
Salaries and employee benefits	$2,549,761	$2,373,495
Adjusters' wages and expenses	2,328,909	3,016,228
Crop insurance review	437,722	17,500
Fieldmen's wages and expenses	267,825	275,855
Data processing	235,648	233,908
Advertising	206,615	182,105
Collection commissions and expenses	172,405	150,658
Furniture and equipment	150,218	49,076
Printing, stationery and office supplies	141,374	155,973
Postage and freight	130,008	107,814
Directors' fees and expenses	112,834	111,521
Office rental costs	90,474	93,570
Telephone	63,621	64,459
Research	57,649	71,121
Travel and automobile expenses	51,155	44,585
Grain grading costs	45,911	64,820
Miscellaneous	35,224	15,459
	$7,077,353	$7,028,147

Schedule 2

SCHEDULE OF ADMINISTRATION EXPENSES - HAIL INSURANCE

For the Year Ended March 31, 1987

	1987	1986
Agents' commissions	$1,334,888	$1,130,301
Salaries and employee benefits	328,442	347,061
Adjusters' wages and expenses	116,793	234,641
Advertising	80,258	68,999
Data processing	48,856	71,989
Collection commissions and expenses	44,590	39,517
Printing, stationery and office supplies	34,314	22,400
Furniture and equipment	33,796	10,849
Directors' fees and expenses	29,994	33,329
Postage and freight	29,707	27,602
Travel and automobile expenses	11,423	11,028
Telephone	3,801	3,080
Miscellaneous	6,389	5,249
	$2,103,251	$2,006,045

Schedule 3

SCHEDULE OF TRUST ASSETS AND LIABILITIES

As At March 31, 1987

	Wildlife Damage Fund	Alberta Crop Insurance Coverage Restoration Program	Total 1987	Total 1986
ASSETS				
Cash	$350,357	$11,135,580	**$11,485,937**	$ 5,933,541
Claim overpayments recoverable	–	62,130	**62,130**	–
Accrued interest receivable	3,528	29,928	**33,456**	16,091
Due from Province of Alberta, net	215,661	–	**215,661**	1,665,780
Due from Low Appraisal Program	–	–	**–**	2,835,000
	$569,546	$11,227,638	**$11,797,184**	$10,450,412
LIABILITIES				
Accounts payable	$ 725	$ –	**$ 725**	$ 550
Estimated claims payable	568,821	1,925,000	**2,493,821**	3,630,000
Due to general	–	1,357,724	**1,357,724**	181,002
Unexpended funds	–	7,944,914	**7,944,914**	3,803,860
Due to Coverage Restoration Program	–	–	**–**	2,835,000
	$569,546	$11,227,638	**$11,797,184**	$10,450,412

Schedule 4

SCHEDULE OF TRUST REVENUE, EXPENDITURE AND UNEXPENDED FUNDS

As At March 31, 1987

	Wildlife Damage Fund	Alberta Crop Insurance Coverage Restoration Program	Low Appraisal Program	Total 1987	Total 1986
REVENUE					
Contributions from the Province of Alberta	$3,918,208	$21,059,114	$ 3,505,110	**$28,482,432**	$46,300,042
Interest income	24,233	847,195	3,630	**875,058**	794,220
Other	–	–	–	**–**	910
	3,942,441	21,906,309	3,508,740	**29,357,490**	47,095,172
EXPENDITURE					
Claims, net of recoveries	3,588,619	21,232,693	(34,148)	**24,787,164**	43,055,243
Administration expenses	353,822	50,270	25,180	**429,272**	273,677
	3,942,441	21,282,963	(8,968)	**25,216,436**	43,328,920
Excess of revenue over expenditure	–	623,346	3,517,708	**4,141,054**	3,766,252
Unexpended funds (deficiency) at beginning of year	–	7,321,568	(3,517,708)	**3,803,860**	37,608
Unexpended funds at end of year	$ –	$ 7,944,914	$ –	**$ 7,944,914**	$ 3,803,860

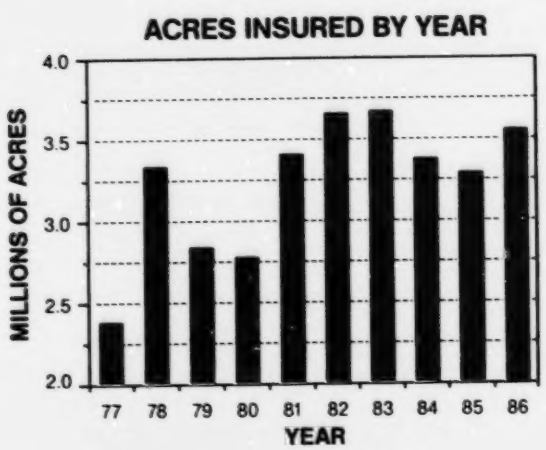
APPENDIX A

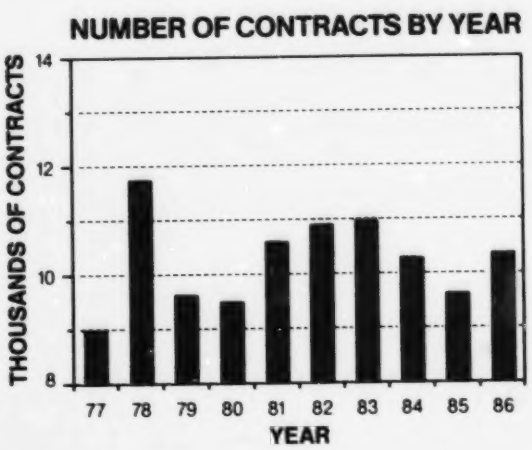
Alberta Hail Insurance Program

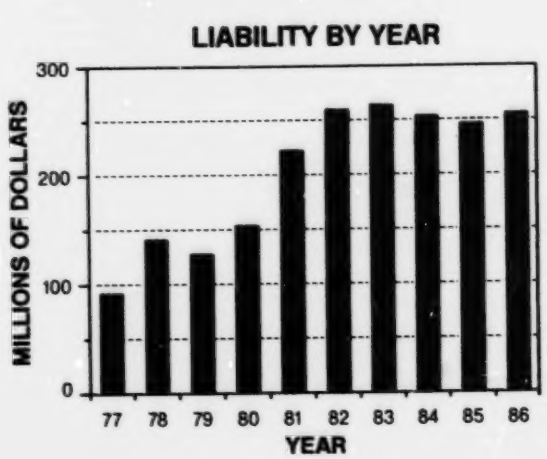
COMPARATIVE HAIL INSURANCE STATISTICS

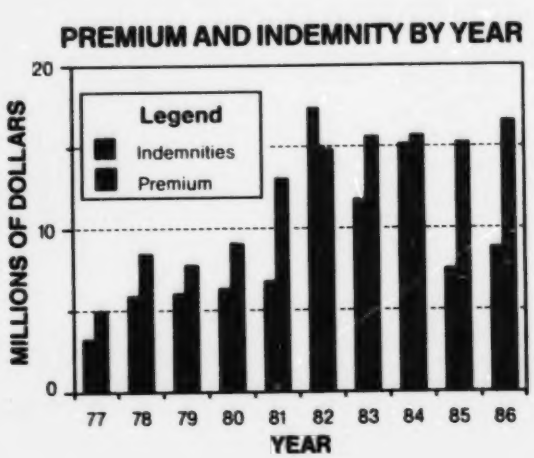
	1984	1985	1986	49-Year Average
Applications Received	10,322	9,706	**10,366**	–
Acreage Insured	3,393,799	3,310,211	**3,638,704**	2,487,592
Actual Risk Written	$254,794,517	$250,709,949	**$261,874,001**	$62,790,129
Net Premium Income	$ 15,992,212	$ 15,934,563	**$ 16,775,903**	$ 3,972,640
No. of Days with Hail	50	41	**46**	51
Claims Received	2,025	1,137	**1,527**	2,230
Awards Paid	$ 15,265,005	$ 7,768,751	**$ 9,088,859**	$ 2,852,215
Loss-to-Risk Ratio	5.99%	3.10%	**3.47%**	4.54%
Loss-to-Premium Ratio	95.45%	48.75%	**54.18%**	71.80%

Hail Insurance Program









APPENDIX B

Canada - Alberta Crop Insurance Program

COMPARATIVE CROP INSURANCE STATISTICS

1986 PARTICIPATION AND EXPERIENCE FOR

RISK AREA	NO. OF POLICIES	BASIC CROP ADJUSTED LIABILITY	BASIC CROP PREMIUM	NO. OF BASIC CROP CLAIMS PAID	BASIC CROP LOSSES PAID	BASIC CROP L/P RATIO	POLICYHOLDERS WITH HAIL ENDORSEMENT
1	1,679	$ 69,261,688	$ 9,807,052	554	$ 5,250,037	53.53%	1,508
2	1,597	68,994,007	7,434,495	763	5,666,694	76.22%	1,484
3	1,904	85,502,097	8,409,062	797	7,750,663	92.17%	1,772
4	1,566	59,681,899	5,173,587	758	5,965,878	115.20%	1,475
5	3,071	120,725,042	9,756,378	788	6,195,922	63.51%	2,895
6	2,281	74,660,688	4,297,079	931	8,742,928	203.46%	2,308
7	1,066	21,223,856	1,764,113	213	959,108	54.37%	1,061
8	4,367	141,070,007	10,405,896	1,194	7,526,423	72.33%	4,272
9	678	12,282,363	1,481,160	215	1,154,284	77.93%	594
10	1,090	20,206,543	1,999,384	287	1,272,477	63.64%	1,014
11	3,685	91,226,130	17,434,125	2,461	24,978,837	143.28%	2,653
12	1,827	58,122,251	7,500,508	860	7,103,620	94.71%	1,643
13	112	1,284,802	187,413	37	96,888	51.70%	101
14	71	958,473	133,238	18	112,841	84.69%	53
	24,994	$825,199,846	$85,788,490	9,876	$82,776,600	96.49%	22,833

CUMULATIVE EXPERIENCE FOR GRAIN, OILSEED, PEDIGREED AND SPECIALTY CROPS

RISK AREA	BASIC CROP ADJUSTED LIABILITY	BASIC CROP PREMIUM	BASIC CROP LOSSES PAID	BASIC CROP L/P RATIO
1	$ 526,152,026	$ 40,409,094	$110,929,971	274.52%
2	517,029,109	39,908,709	65,235,074	163.46%
3	584,656,003	55,923,467	70,427,738	125.94%
4	451,828,239	36,231,720	43,674,176	120.54%
5	1,194,292,417	70,074,245	107,015,208	152.72%
6	566,004,140	33,202,287	42,123,855	126.87%
7	145,847,449	12,679,217	11,161,623	88.03%
8	961,494,052	77,323,388	71,586,713	92.58%
9	88,870,373	13,607,085	10,362,620	76.16%
10	163,745,013	18,564,510	13,726,177	73.94%
11	592,327,522	102,043,547	115,271,502	112.96%
12	444,514,189	48,038,410	58,388,996	121.55%
13	8,976,235	1,595,631	982,466	61.57%
14	7,532,633	1,403,273	1,178,885	84.01%
	$6,253,269,400	$551,004,583	$722,065,004	131.05%

GRAIN, OILSEED, PEDIGREED AND SPECIALTY CROPS

HAIL ENDORSEMENT LIABILITY	HAIL ENDORSEMENT PREMIUM	HAIL ENDORSEMENT CONTRACTS PAID	HAIL ENDORSEMENT LOSSES PAID	HAIL ENDORSEMENT L/P RATIO	TOTAL PREMIUM	TOTAL LOSSES	TOTAL L/P RATIO
$ 60,242,530	$ 2,914,263	216	$ 1,292,244	44.34%	$ 12,721,315	$ 6,542,281	51.43%
57,880,497	2,984,283	182	1,330,586	44.59%	10,418,778	6,997,280	67.16%
77,478,624	3,967,762	395	3,494,978	88.08%	12,376,824	11,245,641	90.86%
55,131,046	3,902,837	453	3,942,641	101.02%	9,081,424	9,908,519	109.11%
108,523,163	8,368,399	297	1,194,612	14.28%	18,124,777	7,390,534	40.78%
70,921,678	7,190,739	467	2,190,772	30.47%	11,487,818	10,933,700	95.18%
20,257,366	1,209,742	147	478,389	39.54%	2,973,855	1,437,497	48.34%
129,968,263	8,150,886	1,051	5,912,842	72.54%	18,556,782	13,439,265	72.42%
10,769,942	466,498	62	322,204	69.07%	1,947,658	1,476,488	75.81%
18,309,693	1,045,224	97	349,769	33.46%	3,044,608	1,622,246	53.28%
62,662,355	2,521,873	150	602,311	23.88%	19,955,998	25,581,148	128.19%
50,346,766	2,257,947	140	719,595	31.87%	9,758,455	7,823,215	80.17%
1,037,159	62,945	6	8,216	13.05%	250,358	105,104	41.98%
507,837	19,975	0	0	0.00%	153,213	112,841	73.65%
$724,036,919	$45,063,373	3,663	$21,839,159	48.46%	$130,851,863	$104,615,759	79.95%

(1965-1986 Inclusive for Basic Crop, 1973-1986 Inclusive for Hail Endorsement)

HAIL ENDORSEMENT LIABILITY	HAIL ENDORSEMENT PREMIUM	HAIL ENDORSEMENT LOSSES PAID	HAIL ENDORSEMENT L/P RATIO	TOTAL PREMIUM	TOTAL LOSSES	TOTAL L/P RATIO
$ 403,742,938	$ 19,587,548	$ 12,008,737	61.31%	$ 59,996,642	$122,938,708	204.91%
366,703,019	17,281,258	14,647,946	84.76%	57,189,967	79,883,020	139.68%
456,841,883	22,838,899	21,262,432	93.10%	78,762,366	91,690,170	116.41%
326,717,474	20,257,718	22,823,833	112.67%	56,489,438	66,498,009	117.72%
838,787,272	62,212,657	31,742,104	51.02%	132,286,902	138,757,312	104.89%
450,917,546	41,157,798	32,759,273	79.59%	74,360,085	74,883,128	100.70%
118,089,850	6,816,453	4,798,471	70.40%	19,495,670	15,960,094	81.86%
707,564,535	37,903,885	36,397,895	96.03%	115,227,273	107,984,608	93.71%
64,536,478	2,516,257	1,705,311	67.77%	16,123,342	12,067,931	74.85%
113,447,818	6,130,428	3,686,550	60.14%	24,694,938	17,412,727	70.51%
355,551,086	13,397,936	5,967,317	44.54%	115,441,483	121,238,819	105.02%
331,591,852	14,762,349	8,611,750	58.34%	62,800,759	67,000,746	106.69%
6,688,399	377,537	175,401	46.46%	1,973,168	1,157,867	58.68%
3,773,412	124,148	50,985	41.07%	1,527,421	1,229,870	80.52%
$4,544,953,562	$265,364,871	$196,638,005	74.10%	$816,369,454	$918,703,009	112.54%

1986 SUMMARY OF EXPERIENCE FOR GRAIN AND OILSEED CROPS

(Excluding the Hail Endorsement)

CROP	– NON-PEDIGREED – PREMIUM*	LOSS	L/P RATIO	– PEDIGREED – PREMIUM*	LOSS	L/P RATIO
Spring Wheat	$30,247,053	$30,653,680	101.34%	$155,550	$ 82,037	52.74%
Oats	3,274,867	2,406,261	73.48%	27,789	9,050	32.57%
Barley	21,602,521	10,744,144	49.74%	311,651	148,376	47.61%
Flax	557,622	825,806	148.04%	8,813	7,025	79.71%
Fall Rye	183,698	124,327	67.68%	1,982	36	1.82%
Rapeseed	18,430,616	26,537,899	143.99%	143,590	353,649	246.29%
Spring Rye	52,921	95,630	180.70%	0	0	ERR
Mustard	437,685	380,958	87.04%	1,547	0	0.00%
Mixed Grain	506,034	351,994	69.56%	0	0	ERR
Winter Wheat	1,828,068	661,518	36.19%	13,574	5,713	42.09%
Utility Wheat	983,424	881,823	89.67%	17,859	2,626	14.70%
Durum Wheat	4,342,636	3,436,995	79.15%	38,008	17,981	47.31%
Soft White Spring Wheat	1,561,651	4,364,655	279.49%	30,466	47,517	155.97%
TOTAL	$84,008,996	$81,465,690	96.97%	$750,829	$674,010	89.77%

*Includes Federal Contribution and Provincial High Risk Subsidies

1986 INSURED ACREAGE FOR GRAIN AND OILSEED CROPS

RISK AREA	SPRING WHEAT	OATS	BARLEY	FLAX	FALL RYE	SPRING RYE	RAPESEED
1	384,361	41,232	485,493	3,484	10,022	265	40,291
2	336,470	9,408	154,112	9,950	10,928	884	43,106
3	379,247	6,341	63,584	13,514	3,792	269	21,858
4	460,787	52,512	139,337	4,035	2,488	2,979	155,961
5	614,916	52,611	583,842	4,112	10,610	0	206,317
6	71,675	38,069	498,471	250	1,196	50	205,481
7	36,128	32,818	152,871	441	23	0	43,183
8	742,163	84,823	446,495	11,526	827	2,746	582,116
9	28,574	14,214	74,443	0	0	0	62,731
10	30,532	30,417	152,906	415	0	0	53,552
11	462,196	53,782	452,341	3,640	224	0	490,658
12	669,377	59,279	41,480	3,609	4,964	5,892	13,066
13	1,711	3,661	11,787	45	0	0	3,107
14	2,183	2,060	5,615	200	0	0	5,739
Province	4,220,320	481,227	3,262,777	55,221	45,074	13,085	1,927,166

CUMULATIVE EXPERIENCE FOR GRAIN AND OILSEED CROPS

(Excluding the Hail Endorsement)

CROP**	– NON-PEDIGREED – PREMIUM*	LOSS	L/P RATIO	– PEDIGREED – PREMIUM*	LOSS	L/P RATIO
Spring Wheat	$206,759,979	$255,961,699	123.80%	$ 358,367	$ 548,214	152.98%
Oats	26,937,097	29,272,274	108.67%	68,974	78,252	113.45%
Barley	168,097,715	218,135,572	129.77%	670,343	886,638	132.27%
Flax	3,970,369	5,494,331	138.38%	43,025	74,837	173.94%
Fall Rye	1,435,257	1,543,976	107.57%	2,251	37	1.64%
Rapeseed	102,057,808	135,638,968	132.90%	385,303	597,914	155.18%
Spring Rye	250,412	289,580	115.64%	0	0	ERR
Mustard	2,177,139	4,617,874	212.11%	3,163	11,835	374.17%
Mixed Grain	3,003,738	3,810,882	126.87%	0	0	ERR
Winter Wheat	5,826,979	12,081,803	207.34%	17,338	19,531	112.65%
Utility Wheat	3,860,035	6,849,378	177.44%	53,403	64,880	121.49%
Durum Wheat	15,269,613	31,981,267	209.44%	57,968	107,949	186.22%
Soft White Spring Wheat	5,742,836	8,293,229	144.41%	83,832	52,446	62.56%
TOTAL	$545,388,977	$713,970,833	130.91%	$1,743,967	$2,442,533	140.06%

**By Crops, Insurance was first offered as follows:

1965 – Wheat, Oats and Barley
1969 – Rapeseed
1971 – Flaxseed
1974 – Fall Rye
1975 – Winter Wheat, Spring Rye, Mustard and Mixed Grain
1976 – Utility Wheat
1980 – Durum Wheat
1982 – Soft White Spring Wheat
1984 – Pedigreed Seed

*Includes Federal Contribution and Provincial High Risk Subsidies

(Non-Pedigreed and Pedigreed)

MUSTARD	MIXED GRAIN	DURUM WHEAT	WINTER WHEAT	SWS WHEAT	UTILITY WHEAT	RISK AREA TOTAL
10,391	5,810	71,944	75,107	6,111	13,847	1,148,358
18,344	2,273	152,797	95,364	37,782	26,302	897,720
15,805	549	157,012	71,255	106,307	17,252	856,785
4,511	5,477	8,383	3,731	0	3,725	843,926
5,120	9,220	15,530	10,445	3,630	20,211	1,536,564
0	9,319	170	346	0	3,291	828,318
0	3,807	0	57	0	1,723	271,051
0	10,338	898	345	0	9,302	1,891,579
0	818	0	0	0	0	180,780
0	1,911	0	0	0	0	269,733
0	484	0	1,416	140	0	1,464,881
2,335	10,368	96,872	10,687	16,254	4,815	938,998
0	594	0	0	0	0	20,905
0	79	0	0	0	0	15,876
56,506	61,047	503,606	268,753	170,224	100,468	11,165,474

1986 SUMMARY OF

CROP	NUMBER INSURED	ACRES INSURED	BASIC PREMIUM*	BASIC LIABILITY	NO. OF LOSSES	BASIC LOSSES	BASIC L/P RATIO
Seed Peas	84	4,806	$ 69,348	$ 766,196	33	$ 29,595	42.68%
Dry Beans	132	10,874	216,474	2,313,089	32	174,170	80.46%
Potatoes	53	8,399	322,139	6,002,500	10	192,192	59.66%
Grain Corn	31	5,270	115,605	1,140,513	8	8,521	7.37%
PS Alfalfa	22	2,371	42,491	463,658	13	45,009	105.93%
PS Fescue	17	984	8,265	103,880	8	8,498	102.82%
Sunflowers	41	3,226	31,894	354,167	20	27,343	85.73%
Sugar Beets	142	9,334	222,441	4,085,073	14	151,562	68.14%
Fresh Vegetables	35	1,268	143,981	1,065,295	16	283,533	196.92%
	557	46,532	$1,172,638	$16,294,371	154	$ 920,423	78.49%

CUMULATIVE SUMMARY OF EXPERIENCE FOR SPECIAL CROPS

CROP	NUMBER INSURED	ACRES INSURED	BASIC PREMIUM*	BASIC LIABILITY	NO. OF LOSSES	BASIC LOSSES	BASIC L/P RATIO
Seed Peas	421	27,388	$ 342,153	$ 3,586,304	49	$ 115,546	33.77%
Dry Beans	771	59,724	1,143,802	11,675,724	91	880,663	76.99%
Potatoes	318	47,315	1,239,296	26,642,543	50	2,007,252	161.97%
Grain Corn	134	29,057	675,356	6,699,479	63	820,072	121.43%
PS Alfalfa	65	6,884	122,231	1,352,622	28	97,151	79.48%
PS Fescue	31	2,315	22,577	209,574	14	19,608	86.85%
Sunflowers	62	5,090	50,859	594,627	25	39,754	78.17%
Sugar Beets	142	9,334	222,441	4,085,073	14	151,562	68.14%
Fresh Vegetables	35	1,268	143,981	1,065,295	16	283,533	196.92%
	1,979	188,375	$3,962,696	$55,911,241	350	$4,415,141	111.42%

1986 SUMMARY OF EXPERIENCE FOR PROCESSING VEGETABLE CROPS

CROP	NO. OF INSUREDS	ACRES INSURED	BASIC PREMIUM*	BASIC LIABILITY	NO. OF LOSSES	BASIC LOSSES	BASIC L/P RATIO
Peas	86	2,846	$ 107,433	$ 1,006,966	14	$ 38,353	35.70%
Beans	7	167	7,415	58,500	1	5,255	70.87%
Corn	26	1,966	63,275	522,956	6	53,330	84.28%
Carrots	3	56	2,252	23,170	0	0	0.00%
	122	5,035	$ 180,375	$ 1,611,592	21	$ 96,938	53.74%

CUMULATIVE SUMMARY OF EXPERIENCE FOR PROCESSING VEGETABLE CROPS

(Peas 1969-1986; Beans 1971-1986; Corn 1973-1986; Carrots 1979-1986)

CROP	NO. OF INSUREDS	ACRES INSURED	BASIC PREMIUM*	BASIC LIABILITY	NO. OF LOSSES	BASIC LOSSES	BASIC L/P RATIO
Peas	1,229	72,573	$1,385,405	$13,848,867	207	$1,225,232	88.44%
Beans	250	8,104	246,353	1,686,446	56	181,325	73.60%
Corn	430	29,534	663,349	5,692,529	86	707,273	106.62%
Carrots	26	202	24,896	164,516	4	8,830	35.47%
	1,935	110,413	$2,320,003	$21,392,358	353	$2,122,660	91.49%

*Includes Federal Contribution

EXPERIENCE FOR SPECIAL CROPS

HAIL ENDORSEMENT NO. INSURED	HAIL ENDORSEMENT PREMIUM*	HAIL ENDORSEMENT LIABILITY	NO. OF LOSSES	HAIL ENDORSEMENT LOSSES	HAIL ENDORSEMENT L/P RATIO	TOTAL PREMIUM*	TOTAL LOSSES	TOTAL L/P RATIO
80	$ 40,222	$ 744,353	25	$ 92,296	229.47%	$ 109,570	$ 121,891	111.24%
111	100,754	1,809,844	41	42,109	41.79%	317,228	216,279	68.18%
45	287,953	5,455,726	8	130,246	45.23%	610,092	322,438	52.85%
29	63,732	1,086,221	4	1,559	2.45%	179,337	10,080	5.62%
16	11,907	262,870	1	0	0.00%	54,398	45,009	82.74%
7	925	28,934	0	0	0.00%	9,190	8,498	92.47%
39	18,357	347,485	11	29,762	162.13%	50,251	57,105	113.64%
74	101,466	2,134,462	11	44,620	43.98%	323,907	196,182	60.57%
25	40,762	531,771	1	2,439	5.98%	184,743	285,972	154.79%
426	$ 666,078	$12,401,666	102	$ 343,031	51.50%	$1,838,716	$1,263,454	68.71%

(Seed Peas, Dry Beans 1976-1986; Potatoes 1975-1986; Grain Corn 1981-1986; PS Alfalfa, PS Fescue 1984-1986; Sunflowers 1985-1986; Fresh Vegetables 1986)

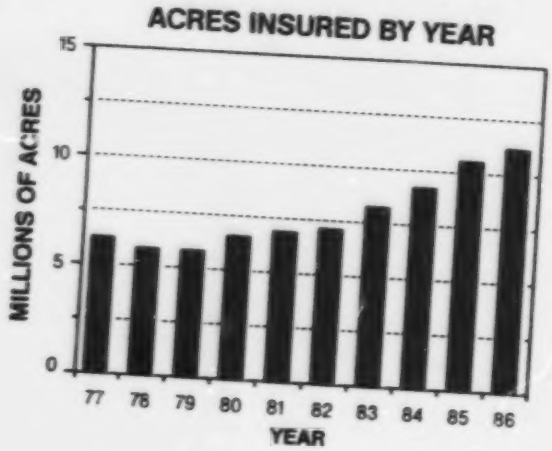
HAIL ENDORSEMENT NO. INSURED	HAIL ENDORSEMENT PREMIUM*	HAIL ENDORSEMENT LIABILITY	NO. OF LOSSES	HAIL ENDORSEMENT LOSSES	HAIL ENDORSEMENT L/P RATIO	TOTAL PREMIUM*	TOTAL LOSSES	TOTAL L/P RATIO
368	$ 188,417	$ 3,194,850	61	$ 287,798	152.75%	$ 530,570	$ 403,344	76.02%
467	366,080	6,646,780	96	418,643	114.36%	1,509,882	1,299,306	86.05%
232	1,307,090	22,661,055	45	962,632	73.65%	2,546,386	2,969,884	116.63%
125	378,243	6,399,427	19	212,904	56.29%	1,053,599	1,032,976	98.04%
34	41,071	857,068	2	8,334	20.29%	163,302	105,485	64.60%
13	2,588	71,645	1	0	0.00%	25,165	19,608	77.92%
59	32,415	578,002	12	30,368	93.69%	83,274	70,122	84.21%
74	101,466	2,134,462	11	44,620	43.98%	323,907	196,182	60.57%
25	40,762	531,771	1	2,439	5.98%	184,743	285,972	154.79%
1,397	$2,458,132	$43,075,060	248	$1,967,738	80.05%	$6,420,828	$6,382,879	99.41%

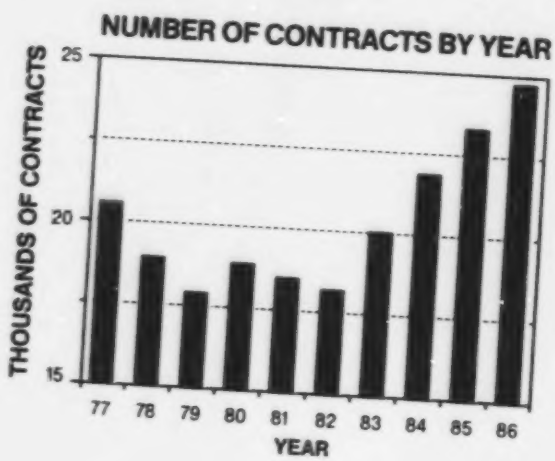
HAIL ENDORSEMENT IS NOT AVAILABLE FOR VEGETABLE CROPS

SUMMARY OF EXPERIENCE FOR BASIC PROGRAM AND HAIL ENDORSEMENT

YEAR	NO. OF INSUREDS	ACRES INSURED '000	TOTAL LIABILITY '000	--PREMIUMS PAID BY INSUREDS-- BASIC '000	HAIL ENDORSEMENT '000	TOTAL '000
1965	1,312	250	$ 3,232	$ 218		$ 218
66	4,408	991	13,460	753		753
67	9,892	2,271	36,857	1,930		1,930
68	15,763	3,910	63,950	3,449		3,449
69	16,201	3,561	57,105	3,135		3,135
70	12,856	2,306	31,941	2,102		2,102
71	11,323	2,429	33,310	2,173		2,173
72	10,202	2,314	37,073	2,146		2,146
73	12,296	3,201	73,399	2,830	$ 1,165	3,995
74	13,883	3,838	125,863	5,255	1,974	7,229
75	18,685	5,113	215,976	10,328	3,371	13,699
76	18,580	5,343	229,289	11,484	3,790	15,274
77	20,878	6,301	279,520	13,631	4,846	18,476
78	19,258	5,908	259,967	13,466	4,756	18,222
79	18,253	5,882	280,471	14,069	5,567	19,636
80	18,862	6,640	381,048	18,150	8,568	26,718
81	18,638	7,009	483,148	21,361	11,223	32,584
82	18,323	7,204	547,384	22,127	12,851	34,978
83	20,050	8,289	663,600	26,412	16,647	43,059
84	21,939	9,292	760,839	28,082	20,434	48,516
85	23,431	10,575	863,035	35,330	23,410	58,740
86	24,994	11,166	825,200	42,894	22,532	65,426
TOTAL	350,027	113,793	$6,265,667	$281,325	$141,134	$422,458

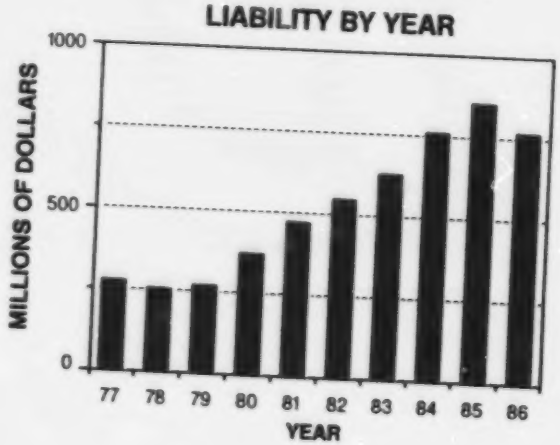
Crop Insurance Program

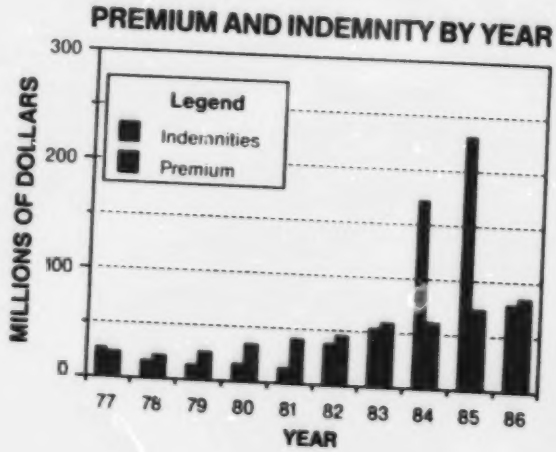




FOR ALL CROPS BY YEAR (Hail Endorsement available since 1973)

–PREMIUMS PAID BY CANADA–				–INDEMNITIES–			
BASIC '000	HAIL ENDORSEMENT '000	TOTAL '000	TOTAL PREMIUMS '000	BASIC '000	HAIL ENDORSEMENT '000	TOTAL '000	L/P RATIO
$ 73		$ 73	$ 291	$ 48		$ 48	16.49%
251		251	1,004	315		315	31.37%
643		643	2,573	1,200		1,200	46.64%
1,150		1,150	4,598	5,508		5,508	119.79%
1,045		1,045	4,180	6,298		6,298	150.63%
699		699	2,801	1,699		1,699	60.67%
753		753	2,926	2,410		2,410	82.37%
656		656	2,802	2,119		2,119	75.62%
2,830	$ 1,165	3,995	7,990	5,671	$ 765	6,436	80.55%
5,255	1,974	7,229	14,458	11,695	2,111	13,806	95.49%
10,329	3,371	13,700	27,399	11,284	7,072	18,320	66.86%
11,485	3,790	15,275	30,549	9,692	6,808	16,500	54.01%
13,632	4,846	18,478	36,954	33,225	4,905	38,130	103.18%
13,466	4,756	18,222	36,444	14,791	7,895	22,686	62.25%
14,069	5,567	19,636	39,272	14,129	12,717	26,846	68.35%
18,150	8,568	26,718	53,436	14,741	17,285	32,026	59.93%
21,361	11,223	32,584	65,168	13,110	13,680	26,790	41.11%
22,127	12,851	34,978	69,956	30,615	31,796	62,411	89.22%
26,412	16,647	43,059	86,118	51,208	25,405	76,613	88.96%
28,082	20,434	48,516	97,032	173,943	38,003	211,946	218.43%
35,330	23,410	58,740	117,480	236,144	23,475	259,619	220.99%
42,894	22,532	65,426	130,852	82,777	21,839	104,616	79.95%
$270,692	$141,134	$411,826	$834,326	$722,622	$213,756	$936,669	112.27%

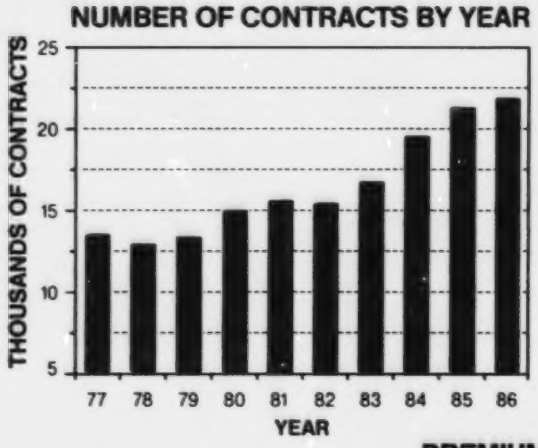


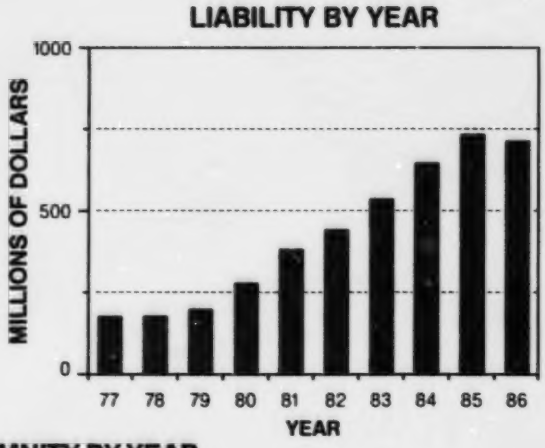


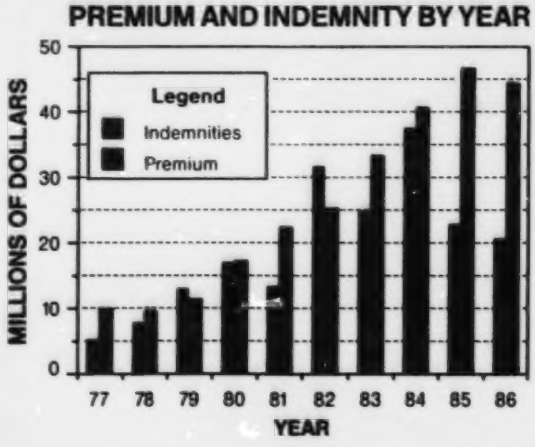
1986 HAIL ENDORSEMENT EXPERIENCE BY GRAIN AND OILSEED CROPS
(Non-Pedigreed and Pedigreed)

CROP	ACRES	TOTAL RISK	TOTAL PREMIUM	TOTAL LOSS	HARVEST ALLOWANCE	L/R RATIO	L/P RATIO
Spring Wheat	3,632,213	$258,786,705	$13,832,482	$ 6,111,559	$ 58,649	2.36%	44.18%
Oats	411,260	19,104,908	1,093,195	403,698	2,655	2.11%	36.93%
Barley	2,914,856	195,755,825	12,227,666	4,249,761	52,435	2.17%	34.76%
Flax	49,945	4,043,996	212,724	122,858	1,291	3.04%	57.75%
Fall Rye	38,921	1,741,843	100,134	106,157	823	6.09%	106.01%
Rapeseed	1,709,849	142,805,212	12,383,380	7,803,407	104,894	5.46%	63.02%
Spring Rye	10,923	325,275	15,531	18,225	0	5.60%	117.35%
Mustard	52,298	3,271,222	229,677	161,284	4,808	4.93%	70.22%
Mixed Grain	56,184	3,261,076	208,318	63,568	949	1.95%	30.51%
Winter Wheat	243,979	17,604,416	797,005	516,964	9,175	2.94%	64.86%
Utility Wheat	91,226	7,161,385	404,060	146,641	1,095	2.05%	36.29%
Durum Wheat	448,251	30,439,962	1,417,343	718,405	16,697	2.36%	50.69%
SWS Wheat	168,916	27,865,199	1,516,542	1,076,040	11,043	3.86%	70.95%
	9,828,821	$712,167,024	$44,438,057	$21,498,567	$264,514	3.02%	48.38%

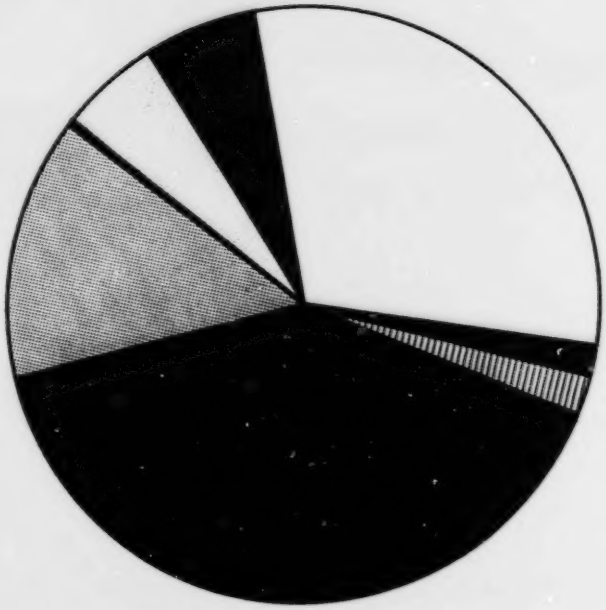
Hail Endorsement to the Crop Insurance Program





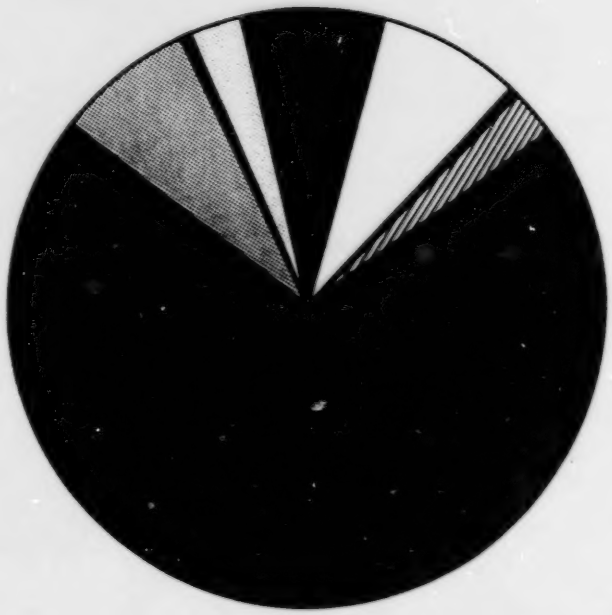


DISTRIBUTION OF LOSSES UNDER BASIC CROP INSURANCE PROGRAM
(excluding Hail Endorsement)



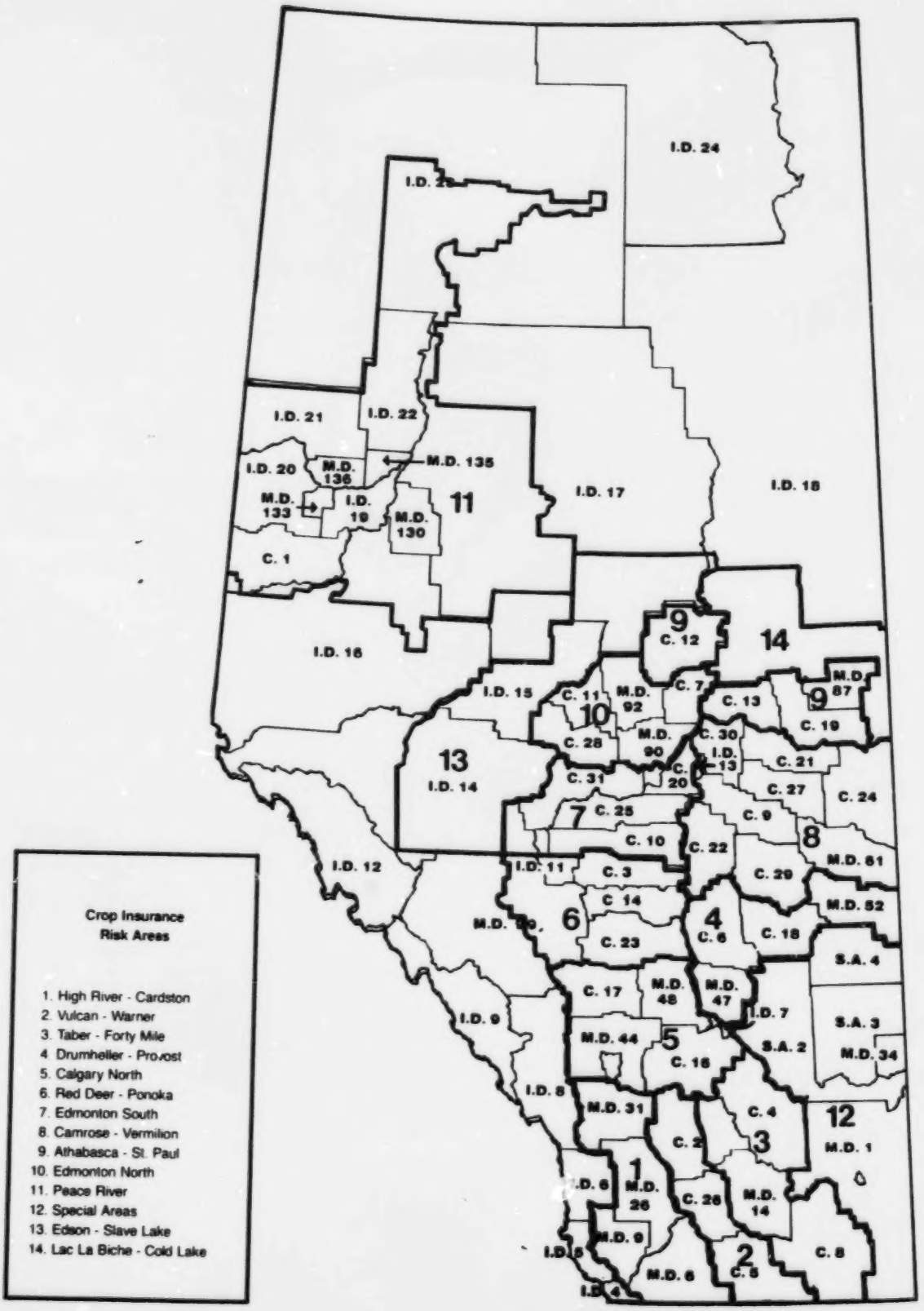
TOTAL ALBERTA LOSSES
1986 Crop Year
$81,094,000

- HAIL 6.0%
- DROUGHT 39.6%
- FROST 30.0%
- EXCESS MOISTURE 14.1%
- WIND .20%
- INSECTS 5.8%
- OTHER 2.30%
- RESEEDED 1.70%
- WINTERKILL .30%



TOTAL ALBERTA LOSSES
1981 - 1986 Crop Years
$620,901,495

- HAIL 7.69%
- DROUGHT 69.93%
- FROST 7.9%
- EXCESS MOISTURE 7.51%
- WIND .50%
- INSECTS 2.49%
- WILDLIFE .03%
- OTHER 2.60%
- RESEEDED .67%
- WINTERKILL .68%


Crop Insurance
Risk Areas
1. High River - Cardston
2. Vulcan - Warner
3. Taber - Forty Mile
4. Drumheller - Provost
5. Calgary North
6. Red Deer - Ponoka
7. Edmonton South
8. Camrose - Vermilion
9. Athabasca - St. Paul
10. Edmonton North
11. Peace River
12. Special Areas
13. Edson - Slave Lake
14. Lac La Biche - Cold Lake
I.D. 24
I.D. 23
I.D. 21
I.D. 22
I.D. 20
M.D. 136
M.D. 135
M.D. 133
I.D. 19
M.D. 130
11
I.D. 17
I.D. 18
C. 1
I.D. 16
9
C. 12
14
I.D. 15
C. 11
10
M.D. 92
C. 7
C. 13
9
M.D. 87
C. 19
C. 28
M.D. 90
C. 30
I.D. 13
C. 21
13
I.D. 14
C. 31
C. 20
C. 27
C. 24
7
C. 25
C. 9
C. 10
C. 22
8
M.D. 61
I.D. 12
I.D. 11
C. 3
C. 29
C. 14
M.D. 52
6
4
C. 23
C. 6
C. 18
S.A. 4
C. 17
M.D. 48
M.D. 47
I.D. 7
S.A. 3
I.D. 9
M.D. 44
5
S.A. 2
M.D. 34
C. 16
I.D. 8
M.D. 31
C. 4
12
C. 2
3
M.D. 1
1
I.D. 6
M.D. 26
C. 26
M.D. 14
M.D. 9
I.D. 5
2
C. 8
M.D. 6
C. 5
I.D. 4

Alberta Hail and Crop Insurance Corporation

Board of Directors 1986-1987 FISCAL YEAR

Peter Trynchy, MLA—Chairman
Mayerthorpe

James P. Christie—Vice-Chairman
Trochu

Robin Wallace—Director
Barrhead

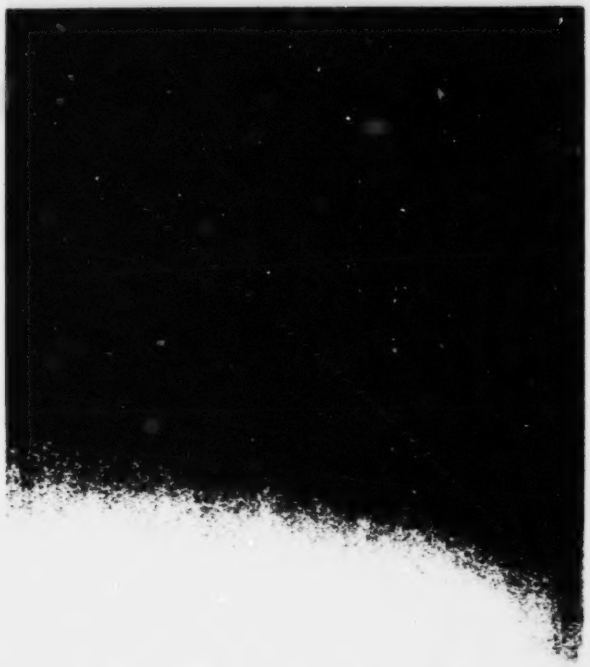
James W. Daines—Director
Innisfail

Albert Kooy—Director
Lethbridge

John Langelier—Director
Falher

Frank J. Schwengler—Director
St. Paul

James M. McKay—Executive Secretary
Calgary Board of Directors



Principal Officers 1986-1987 FISCAL YEAR

Edwin A. Patching—General Manager

L.G. Bannerman—Comptroller

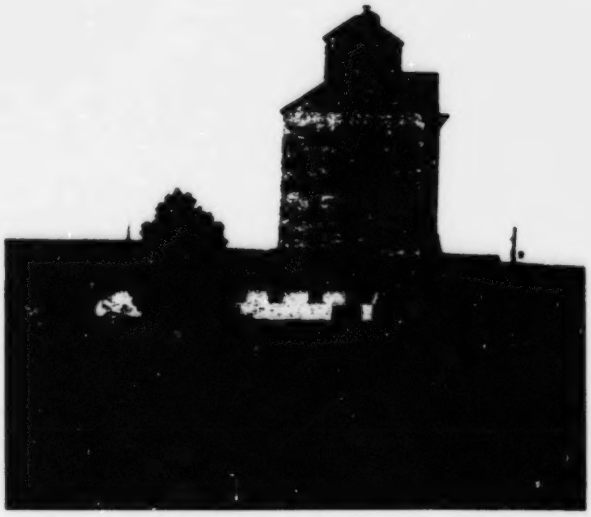
Louis H. Nelson—Office Manager

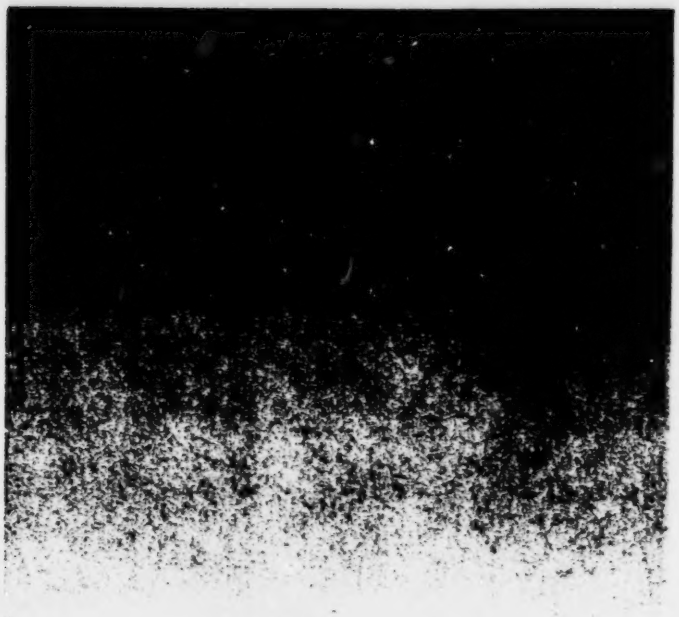
Rodney A. Rains—Director of Research

A.E. (Bert) Sager—Director of
Country Operations

Auditor:

Donald D. Salmon, C.A.
Auditor General—Province of Alberta





ALBERTA HAIL AND CROP INSURANCE CORPORATION

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